

St. Louis & San Francisco Railroad Co. Refunding.

To Holders of the Following Series of Bonds:

- St. Louis and San Francisco Railway Co. Six Per Cent. Second Mortgage and Land Grant, A, B and C Bonds (\$6,590,000 outstanding).
- St. Louis and San Francisco Railway Co. Six Per Cent. Missouri and Western Division First Mortgage Bonds (\$1,019,000 outstanding).
- St. Louis and San Francisco Railway Co. Six Per Cent. First Mortgage Trust Bonds of 1880 (\$943,000 outstanding).
- St. Louis and San Francisco Railway Co. Five Per Cent. and Six Per Cent. General Mortgage Bonds (\$20,099,000 outstanding).
- St. Louis and San Francisco Railway Co. Five Per Cent. First Mortgage Trust Bonds of 1887 (\$1,099,000 outstanding).
- St. Louis, Wichita and Western Ry. Co. Six Per Cent. First Mortgage Bonds—redeemable—(\$2,000,000 outstanding).
- Fort Smith and Van Buren Bridge Co. Six Per Cent. First Mortgage Bonds—redeemable—(\$275,000 outstanding).
- St. Louis and San Francisco R. R. Co. Five Per Cent. First Mortgage Southwestern Division Bonds—redeemable (\$1,500,000 outstanding).
- St. Louis and San Francisco R. R. Co. Four Per Cent. Central Division First Mortgage Bonds—redeemable (\$1,962,000 outstanding).
- St. Louis and San Francisco R. R. Co. Three Per Cent. and Four Per Cent. First Mortgage Kansas City Division Bonds—redeemable—(\$3,039,000 outstanding).
- St. Louis and San Francisco R. R. Co. Four Per Cent. First Mortgage Northwestern Division Bonds—redeemable—(\$1,097,500 outstanding).
- St. Louis, Oklahoma and Southern Ry. Co. Guaranteed Four Per Cent. Bonds, Red River Division (\$4,650,000 outstanding).
- St. Louis and San Francisco R. R. Co. Four Per Cent. Consolidated Mortgage Gold Bonds (\$6,383,000 outstanding).

The St. Louis and San Francisco Railroad Company has determined to readjust and refund its bonded indebtedness and the underlying bonds secured by liens upon its system of railroads, and for that purpose has determined, subject to the obtaining of the approval by its stockholders of the requisite corporate action, to issue its Refunding Mortgage Fifty Year Gold Bonds of a total authorized amount limited to \$82,000,000, face value, at any time outstanding, of which about \$20,500,000 of bonds are to be issued and reserved for refunding purposes, and the bonds not required for refunding purposes are to be reserved and issued for additions, extensions, betterments, and improvements of its system of railroads and property and for additional equipment and property.

In addition to uniting the indebtedness of the system and reducing interest charges, the refunding will enable the Railroad Company to finance more advantageously any additions and extensions of its system by the sale of bonds having an established market value instead of divisional bonds, which the Railroad Company has hitherto been compelled to sell on comparatively disadvantageous terms.

The Refunding Bonds will be payable by mortgage and deed of trust to the Morton Trust Company and William H. Thompson, as Trustees, subject only to existing liens of all the Railroad Company's lines of railroad, leaseholdings, and properties and shares of stock and bonds of auxiliary railroad corporations, whether now owned or hereafter acquired with the proceeds of any of the Refunding Bonds, and also by the delivery to the Trustee of all underlying bonds in exchange for which new Refunding Bonds shall be issued under said mortgage, including the entire issues of divisional bonds on the line to Kansas City, embraced in the Kansas City Division mortgage, and on the line to Denison, Texas, embraced in the Red River Division mortgage.

On completion of the refunding, the Refunding Bonds will be secured by absolute first lien upon 1,902 miles of railroad, and all the equipment; and when the A, B, and C Bonds (which mature in 1900) have been exchanged, the Refunding Bonds will be secured by the security of the first lien of these bonds on the main stem from Pacific (thirty-four miles west from St. Louis).

The comparative earnings of the St. Louis and San Francisco Railroad Company, for the nine months ending March 31, were:

	1901.	1900.
Gross.....	\$7,673,976 00	\$6,000,655 78
Operating expenses.....	4,320,054 85	3,553,832 49
Net.....	\$3,353,921 24	\$2,446,823 29
Miscellaneous income.....	66,614 09	43,418 58
Total net.....	\$3,420,535 33	\$2,490,241 87
Deduct taxes and rentals.....	292,653 93	180,941 52
Applicable to interest and dividends.....	\$3,127,881 40	\$2,309,300 35
Fixed charges.....	1,706,685 83	1,630,657 50
Surplus.....	\$1,421,195 57	\$678,642 85

It is estimated that for the year ending June 30, 1901, the total net income available for payment of fixed charges and dividends will be no less than \$4,000,000, against estimated fixed charges of \$2,275,000.

The Railroad Company has just taken over the newly constructed main line of railroad, extending South from Rapids, Indian Territory, to the Junction of the Southwestern and Central Divisions, and will have through traffic to Norman, Texas, from Denison, Texas, where important traffic and freight car business are being made, and it is believed that the earnings from the new line will result in largely increasing the gross and net earnings of the system.

Upon the ultimate completion of the refunding, the saving to the Railroad Company thereby will be about \$700,000 per annum in fixed charges.

The Refunding Bonds need not be required for refunding purposes can be issued only under restrictions, and on conditions for the details of which, as well as for a description of the properties and franchises mortgaged, the nature and extent of the security, the rights of the holders of bonds, and the terms and conditions upon which the bonds are issued and secured, reference is made to the terms of the Refunding Mortgage. The form of the proposed mortgage and deed of trust has been prepared by Messrs. Guthrie, Cravath & Henderson, of New York, and approved by Messrs. Seligman & Seligman, of New York, for the Syndicate Managers.

The Railroad Company has agreed to sell \$30,000,000 of the new Refunding Bonds, or such portion thereof as may be duly authorized by the issue under the Refunding Mortgage, to a syndicate of which Messrs. J. & W. Seligman & Co. are Syndicate Managers, and the Syndicate Managers have already completed arrangements for the acquisition of about \$20,000,000 of underlying bonds which are to be exchanged for new Refunding Bonds.

At the request of the Railroad Company the syndicate will offer to holders of underlying bonds the privilege to exchange the same for new Four Per Cent. Refunding Bonds to be acquired by the syndicate, and the Railroad Company recommends holders of underlying bonds to exchange their bonds for new Refunding Bonds.

Dated NEW YORK, May 16, 1901.

ST. LOUIS AND SAN FRANCISCO RAILROAD COMPANY,
By B. F. YORAKUM, President.

To Holders of the following Underlying Bonds:

As Syndicate Managers of a Syndicate formed under an agreement dated April 4, 1901, we have arranged with the St. Louis and San Francisco Railroad Company to purchase, for refunding purposes, \$30,000,000, face value, of its proposed Refunding Mortgage Gold Bonds, to bear interest at the rate of **FOUR PER CENT. PER ANNUM**, and hereby offer to exchange such Refunding Bonds in the extent to which they may be so issued and acquired by the Syndicate, for underlying bonds of the Railroad Company's system, on the following basis:

For each \$1,000, face value, of the following outstanding Bonds..... In Refunding Bonds, Face Value.

65 Second Mortgage A, B and C Bonds.....	\$1,106 60
65 Missouri and Western Division First Mgtge. Bonds.....	1,282 05
65 First Bonds of 1880.....	1,282 05
65 General Mortgage Bonds.....	1,369 23
65 First Bonds of 1887.....	1,194 87
65 St. Louis, Wichita and Western First Mgtge. Bonds (redeemable).....	1,179 49
65 Fort Smith and Van Buren Bridge First Mgtge. Bonds (redeemable).....	1,179 49
65 Southwestern Division Bonds (redeemable).....	1,128 20
65 Central Division Bonds (redeemable).....	1,025 04
65 Kansas City Division Bonds (redeemable).....	1,051 28
65 Kansas City Division Bonds (redeemable).....	1,000 00
65 Northwestern Division Bonds (redeemable).....	876 03
65 Red River Division Bonds.....	1,051 28
65 Consolidated Bonds.....	974 55
	1,025 04

At the time of deposit, holders of underlying bonds will receive payment in cash of the unamortized interest accrued and accruing upon their deposited bonds to July 1, 1901, from which date the Refunding bonds are to bear interest.

In order to avail themselves of the foregoing privilege of exchange, holders of underlying bonds must deposit, for our account as Syndicate Managers, for each \$1,000 of the following depositories..... Union Trust Co. of St. Louis, St. Louis;
Seligman Brothers, London;
Berliner Handelsgesellschaft, Berlin;
Seligman & Steelheimer, Frankfurt;
Seligman Frères & Cie., Paris;
Alsborg, Goldberg & Co., Amsterdam.

Depositing bondholders will receive negotiable receipts or certificates of the Morton Trust Company entitling the holders thereof to new Refunding Bonds of the Railroad Company due to insert bonds, in exchange for the deposited bonds upon the aforesaid basis when said bonds shall have been issued and delivered to the Morton Trust Company for such exchange, or to a return of the deposited bonds if said Trust Company shall have four percent per annum, and hereby offer to exchange such Refunding Bonds in the extent to which they may be so issued and acquired by the Syndicate, for underlying bonds of the Railroad Company's system, on the following basis:

As Syndicate Managers we are also prepared to purchase for cash, at the prices set opposite thereto, all or any of the following underlying bonds which may be presented and surrendered to us on or before July 6, 1901, with all unmatured coupons attached, viz.:

65 Second Mortgage A, B and C Bonds.....	113 1/2 and interest.
65 Missouri and Western Division First Mortgage Bonds.....	125 and interest.
65 First Bonds of 1880.....	125 and interest.
65 General Mortgage Bonds.....	136 1/2 and interest.
65 First Bonds of 1887.....	118 1/2 and interest.
65 St. Louis, Wichita and Western First Mortgage Bonds (redeemable).....	115 and interest.
65 Fort Smith and Van Buren Bridge First Mortgage Bonds (redeemable).....	115 and interest.
65 Southwestern Division Bonds (redeemable).....	110 and interest.
65 Central Division Bonds (redeemable).....	102 1/2 and interest.
65 Kansas City Division Bonds (redeemable).....	97 1/2 and interest.
65 Kansas City Division Bonds (redeemable).....	80 1/2 and interest.
65 Northwestern Division Bonds (redeemable).....	102 1/2 and interest.
65 Red River Division Bonds.....	105 and interest.
65 Consolidated Bonds.....	100 and interest.

We reserve the right, at any time, without notice, to alter the basis of exchange or the purchase price of any of the foregoing bonds, or to withdraw, wholly or partly, our offers to exchange or to purchase.

J. & W. Seligman & Co., Syndicate Managers.

NEW YORK, May 28, 1901.

JACOB BERRY & CO.

MEMBERS OF THE
CONSOLIDATED STOCK EXCHANGE
44 and 46 BROADWAY, NEW YORK.
STOCKS, BONDS, GRAIN, COTTON,
COMMODITIES, ETC., etc.
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